

~~CONFIDENTIAL~~

FILE

EYES ONLY

DD/S 71-0530

17 FEB 71

MEMORANDUM FOR: Director of Logistics

Jack:

The attached analysis of the Executive Dining Room Fund was made to try to ascertain cause and effect on operating losses. The key to sound operations seems to be the maintenance of a percentage of cost of food to total income at or below 77%. Since November 1969 that percentage has steadily risen from a low of 63.1% to 89.5% in the most recent period. The high cost of food consumed can be caused by several things:

1. higher prices of food
2. losses from waste or pilferage
3. selection of expensive entrees sold at fixed prices
4. inaccurate inventories

The losses in the last two months are certainly not critical at this time but I believe the trend should be checked. You probably should look into this to see if there are some steps that can be taken to level out at a break-even level. It is quite apparent that our profit over the period has exceeded our losses, so solvency is not the question -- only the trend. With a new manager coming in and without implying criticism of perhaps you would prefer to wait until the transfer of responsibility.

Robert S. Warrles

Att

EO-DD/S:WEB/ms (16 Feb 71)

Rewritten:ADD/S:RSW/ms (17 Feb 71)

Distribution:

Orig - Adse, w/Att

1 - DD/S Chrono Ref

1 - DD/S Subject, w/O of Att & Background

1 - RSW Chrono

25X1

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MEMORANDUM FOR: Director of Logistics

Jack:

The attached analysis of the Executive Dining Room Fund was made to try to ascertain cause and effect on operating losses. The key to sound operations seems to be the maintenance of a percentage of cost of food to total income at or below 77%. Since November 1969 that percentage has steadily risen from a low of 63.1% to 89.5% in the most recent period. The high cost of food consumed can be caused by several things:

1. higher prices of food
2. losses from waste or pilferage
3. selection of expensive entrees sold at fixed prices
4. inaccurate inventories

The losses in the last two months are certainly not critical at this time but I believe the trend should be checked. I ask ~~you~~ ^{you probably} that you and the Chief, Logistics Services Division and the Dining Room Manager look into this matter and see if there are some steps that can be taken to level out a ~~small acceptable profit~~ ^{AT A BREAK-EVEN LEVEL.}. It is quite apparent that our profit over the period has exceeded our losses, so solvency is not the question — only the trend. ~~WITH A NEW MANAGER COMING IN AND PERHAPS WITHOUT IMPLYING CRITICISM OF [REDACTED] PERHAPS YOU WOULD PREFER TO WAIT UNTIL THE TRANSFER OF RESPONSIBILITY.~~

~~John W. Coffey~~

Att

RSU

25

CONFIDENTIAL

TO:		
Mr. Coffey via Mr. Wa		
ROOM NO.	BUILDING	
REMARKS:		
Recommend your signature.		
<div style="border: 1px solid black; width: 100px; height: 20px; margin: 0 auto;"></div>		
W.E.B.		
FROM:		
ROOM NO.	BUILDING	EXTENSION

FORM NO. 241
1 FEB 55

REPLACES FORM 36-8
WHICH MAY BE USED.

(47)

12 February 1971

STA

MEMORANDUM FOR: Mr. Coffey via Mr. Wattles

SUBJECT : Executive Dining Room Fund

1. I have analyzed the financial reports of the Executive Dining Room for 15 four-week periods to try to ascertain why we have recently had operating losses.
2. While "Other expenses" fluctuate, the variations are not extensive except in Overtime and Repairs to Equipment. Heavy overtime costs should not have a serious impact on profit because heavy overtime means many parties and parties produce income. Only one period had extensive Supplies and Equipment and Repairs to Equipment that caused a net operating loss.
3. The key to sound operations is to maintain a percentage of cost of food to total income at or below 77%. Since November 1969 that percentage has steadily risen from a low of 63.1% to 89.5% in the most recent period. The high cost of food consumed can be caused by several things:
 - a. higher prices of food
 - b. losses from waste or pilferage
 - c. selection of expensive entrees sold at fixed prices
 - d. inaccurate inventories
4. At this time solvency is not in jeopardy because the fund has a liquid net worth of \$12,803.73 exclusive of fixed assets. However, the trend of decreasing percentage of income from food consumed should be checked. If in fact there has been a substantial increase of prices in the cost of food maybe the price of meals should be correspondingly increased. An alternative would be to consider selling drinks (full service or beer and wine) which are high profit items.
5. I do not think any drastic action is necessary (unless drinks are authorized) but I do think the D/Log, C/LSD, and the Dining Room Manager should be aware of what's happening, analyze their procedures, and try to reduce the losses.

STA

WEB